

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING FEBRUARY 11, 2004

PRESENT: Chairman Anthony Maiola, Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; George Tsiopras, Chief Financial Officer; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; Randy Avery, Asst Chief, Enforcement Guests: Al Picconi, United Beverages, Inc; Michael Goclowski, Law Warehouses.

EXCUSED: John Byrne, Commissioner, Craig Bulkey, Bureau Chief of Administrative Services

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA 1000 report for the week ending February 8, 2004 shows retail sales were down 7.37%, on-premise sales were down 3.22%, off-premise sales were up 23.16 %, and total aggregate sales were down about 0.92. The traffic count decreased by 6,386 and the average sale was \$28.08

The W-1 Total Weekly Sales report for the same week confirms total sales were down 0.93% for the weekly comparison. Wine sales were up 3.72%. Spirit sale were up down by 4.93%.

B. Budget Reports:

There was a minor issue with depletions for Horizon and Libiamo which we are watching closely and expect to be cleared up shortly.

George Tsiopras and Joe Bouchard have been keeping communication regarding the 10% budget reduction from the Governors Office. To this date, no formal notification from Administrative Services or the Governors Office has been issued requesting the reductions.

We received a bill from Administrative Services regarding indirect costs for \$629,000. George mentioned that there was only \$280,000 budgeted, and that per Administrative Services, the deficit will have to be absorbed by other class lines.

George warned the Commission that funding is extremely tight at this point in the year and that several payroll lines will be in a deficit by year end. This appears to be a result of unanticipated retirements and changes in health insurance coverage's. George mentioned that there will be no provision to request salary and benefit deficits from the statewide salary and benefits accounts, meaning all deficits at the end of the year must be absorbed internally by each agency.

We have one new RFP going out regarding the Advertising campaign for our Enforcement Division. Several contracts are also on the agenda for Governor and Council Approval today.

2. IT Report:

We have received our order of Dell Computers - IT will be distributing them in a timely manner.

Howard discussed some concerns regarding some space at Store 76. Tom Chagnon and Tom Smith will relook at this issue tomorrow.

Discussed feedback from the new design of the website. Mostly positive feedback, only minor problems.

II. MARKETING AND SALES REPORT

1. Store Operations:

Total Store Sales for the week ending February 8, 2003 shows the stores were down 6.44% or \$257,000.

Thursday, February 12, 2004, our Spring Promotion takes place at CR Sparks in Bedford, NH from 10-1 p.m. with all of our Store Managers and Supervisors.

A Supervisor's meeting will take place on Tuesday, February 16, 2004, from 10:00 a.m. -1:00 p.m. in the Downstairs Conference Room.

A. SPIRITS

1. Super Bowl Results

The results of the Super Bowl Sale which ended on February 1,2004 were reviewed and acknowledged.

2. Test Market Results

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission grant Code #5264, Villa Massa Lemoncello Cream , 750 ML size, Code #5159, Vrissa Tsipouro, 750 ML size, Code #921, El Tesoro Platinum Tequila, 750 ML size and Code #3844, Vox Raspberry Vodka, 750 ML size, to be carried in liquor specialty stores only, as this item has earned the gross profit required for such listing at the conclusion of a six-month test market period, and the commission also voted to delist Code #8618, Cambus Ouzo, 750 ML size since it failed to achieve a gross profit of at least \$7,500 required during its six-month test market period and also failed to achieve the gross profit required for specialty status as well, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3. Full Distribution (Code #2650):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve full distribution to be made available to all stores, if needed for Code #2650, Dalmore Cigar Malt Scotch, 750 ML size, as this item has earned at least \$6,500 during a twelve-month period, the majority of which has been in the retail and on-premise markets, as recommended by Richard Gerrish, Spirits Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4. A. Line Extension (Smirnoff Raspberry Twist, 375 ML):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a line extension on Smirnoff Raspberry Twist, 375 ML (assigned Code #3880), as recommended by Richard Gerrish, Spirits Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. Line Extension (Booths Gin, 750 ML):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a line extension on Booths

Gin, 750 ML (assigned Code #3122), as recommended by Richard Gerrish, Spirits Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5. One Time Buy Request (Pravda Miniature Tasting Kits):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Charles Jacquin of a one-time buy special purchase of 50 cases of Pravda Miniature Tasting Kits in the 50 ML size (assigned Code #3514), as recommended by Richard Gerrish, Spirits Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6. St. Patrick's Day Sale:

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve (35) thirty-five spirit items to be featured during the upcoming St. Patrick's Day Sale, scheduled for Thursday, March 11th through Sunday, March 21st, 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7. Non-Alcoholic Tasting:

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve a request from Pine State Trading to hold a non-alcoholic tasting of Cask and Cream Chocolate and Caramel Temptation in selected stores as recommended by Richard Gerrish, Spirits Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES

1. A. New Wine Product Listings (2 codes – RP Imports):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve availability as needed for the following two (2) wine codes, each of which has earned a gross profit of at least \$6,500.00 during a twelve-month period, a majority of which have been in the retail and on-premise markets, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales: Code #38684, Merlot

Seventh Moon Cal, 750 ML and Code #35380, Chardonnay Liberty School C Coast, 750 ML. The motion was unanimously adopted.

B. New Wine Product Listings (1 code – Wineberries):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve availability as needed for the following one (1) wine codes, each of which has earned a gross profit of at least \$6,500.00 during a twelve-month period, a majority of which have been in the retail and on-premise markets, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales: Code #36200, Zinfandel Four Wines Cal, 750 ML. The motion was unanimously adopted.

2. Special Offers for April 2004:

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery based upon depletions of three (3) wine items, to be featured on sale during April, 2004, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3. Proposed Wine Sale for May 2004:

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve the placement of all 750 ML size Australia, Chile, New Zealand and South America wines at 10% off if you purchase 6-8 bottles, 15% off if you purchase 9-11 bottles and 20% off if you purchase 12 or more bottles during the Down Under Sale, scheduled for Monday, May 3rd through Monday, May 31st, 2004, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4. Wine Tasting Events:

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve two scheduled wine tasting events for May 6th at the Mt. Washington as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5. Recommended Wine Specialty Products (18 items):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve eighteen (18) wine codes to be designated as wine specialty products, to be carried in wine specialty stores as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6. Recommended Allocated Wines for Distribution –Selected Stores (1 item):

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve one (1) allocated wine item for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7. Martignetti Closeouts:

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve Martignetti Wine Closeouts, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8. Re-Clustering Stores:

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve re-clustering of Stores, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9. Primary Source Submissions (7 items-primary source; 3 items-imported; 9 items –exclusive agent)

It was moved by Chairman Maiola, seconded my Commissioner Russell, that the Commission approve re-the listing of seven (7) wine codes which are from primary source, the listing of three (3) wine codes which is not from primary source, but are imported, and nine (9) wine codes which are not from primary source, but is offered by the exclusive marketing agent, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS - None

IV. CHAIRMAN'S REPORT AND LATE ITEMS

1. Bailment Requests:

It was moved by Chairman Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated February 5 through February 11, 2004. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Chairman Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of February, 2004. The motion was unanimously adopted.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

Patricia T. Russell, Commissioner